



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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November 1, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## **CLOSING OF ESCROW ON FIRST OPTION PROPERTY PARCELS 44U AND 77W – MARINA DEL REY, CA**

This memo is to provide your offices with a brief report on: a) the closing of escrow for County purchase of a portion of Parcel 44U (a portion of the land) and all of Parcel 77W (land and water), collectively referred to as the First Option Property, in Marina del Rey, California; and b) the status of the escrow with respect to a portion of the Parcel 44U water, the Second Option Property. The purchase of these parcels was previously approved by your Board which, along with Parcel 47, are to be used for the expansion of Chace Park from 7.19 and 2.18 acres of land and water to 13.82 and 8.95, respectively (see graphic attached).

### **First Option Property – Parcel 44U (a portion of the Land) and 77W (Land and Water)**

The Department of Beaches and Harbors (DBH) is planning to issue written notice to the lessee to close escrow on the First Option Property by the end of the calendar year. DBH will issue the written notice to close escrow on the First Option Property within ten days from the date of this memo.

Each Supervisor  
October 31, 2007  
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**Second Option Property – Parcel 44U (a portion of the Water)**

The Second Option Property, which is for a portion of the Parcel 44 water, will not be acquired until the lessee has replaced the aging docks. DBH is working closely with the lessee to prepare a work plan and schedule to effectuate replacement of the docks. Coastal Commission approval and construction of the new docks will take one-and-a-half to two years.

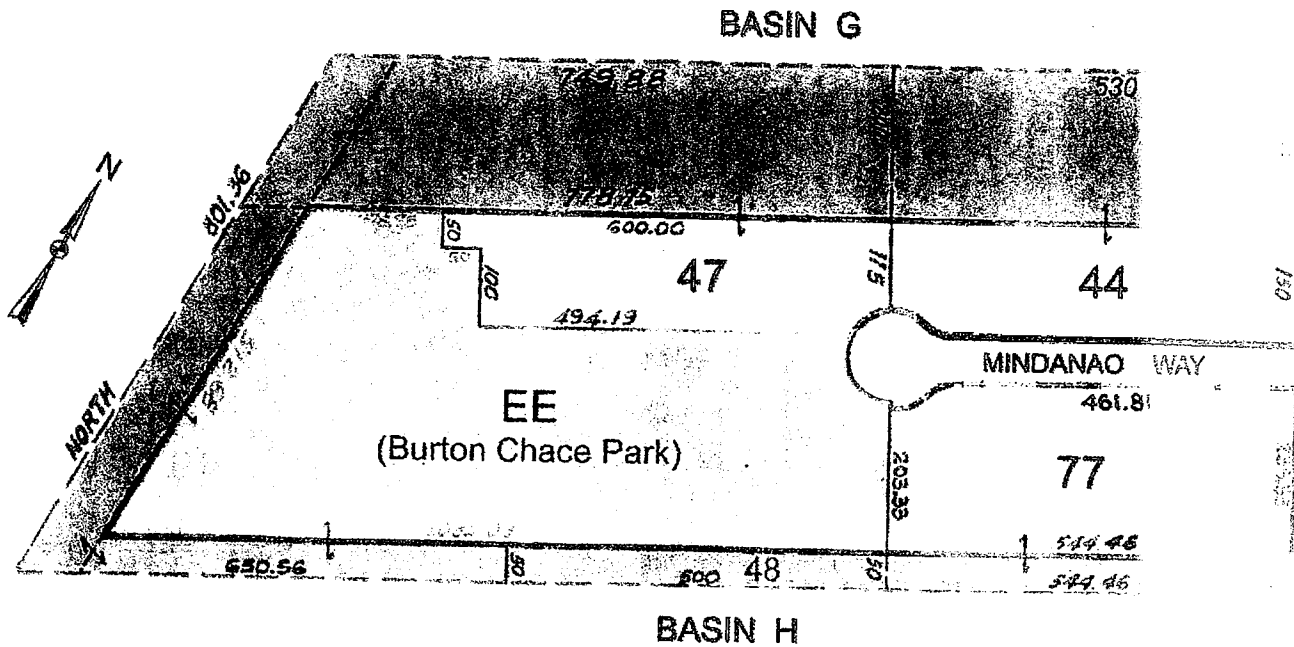
For more detailed history and background, please read the attached Addendum. If you have any further questions, please call me or your staff may contact John Edmisten, of my office, at (213) 974-7365 or Stan Wisniewski, with DBH, at (310) 305-9522.

WTF:SW:DL  
JSE:SK:mc

**Attachments**

c:     Executive Officer, Board of Supervisors  
       County Counsel  
       Department of Beaches and Harbors

# Proposed Chace Park Expansion



## Existing Park Acreage

Parcel	Land	Water
EE	7.19	1.61
48	-	0.57
	<u>7.19</u>	<u>2.18</u>

## Additional Proposed Acreage

Parcel	Land	Water
47	1.92	3.71
44	1.79	2.43
77	<u>2.92</u>	<u>0.63</u>
	<u>6.63</u>	<u>6.77</u>

## Total Acreage

Land	Water
<u>13.82</u>	<u>8.95</u>

The proposed expanded park will provide nearly double the land area and four times the water area.

## **ADDENDUM**

### **History and Background**

The Board of Supervisors has previously approved an Option Agreement and Joint Escrow Instructions (Option Agreement) with Pacific Marina Venture, LLC, the lessee of Parcels 44U and 77W, pursuant to which the County has two options to acquire all of Parcel 77W (both land and water) and a portion of Parcel 44U (a portion of both land and water). The first option terminates Lease No. 11140 for all of Parcel 77W (land and water) and a portion of Lease No. 6734, which is for a portion of land on Parcel 44U (collectively First Option Property). The second option terminates another portion of Lease No. 6734, which is for a portion of Parcel 44U water (the Second Option Property).

The County previously issued notice to the lessee of the County's exercise of the options. Pursuant to the Option Agreement as subsequently amended, the County has the right to select each closing date on written notice to the lessee, subject to the following outside closing dates: a) December 31, 2007 for the first option; and b) the later of December 31, 2007 or 30 days following the completion of anchorage replacement work for the docks on Parcel 44U for the second option.

The Department of Beaches and Harbors (DBH) is now prepared to give the requisite notice to close escrow on the First Option Property, which will be funded in part by crediting extension fees of approximately \$410,000 (principal and interest) from Parcel 97 and \$660,000 (principal and interest) from Parcel 140 against the purchase price. Such extension fees are due to the County as consideration for granting lease extensions to the same lessee as holds the Parcels 44U and 77W leases. While the extension fees are normally paid over a scheduled period of time (usually five to ten years), the lessee has agreed to prepay the extension fees to fund a portion of the acquisition costs. The remaining balance of approximately \$4,900,000 will be funded from the Marina ACO Fund. The exact total purchase price will ultimately depend on the interest accrued to the closing date.

As a result of our plan to close escrow on the First Option Property, we would like to bring the following to your attention:

### **Parcel 77W**

There are two existing sublessees on Parcel 77W, along with a boat storage facility that currently serves approximately 146 boats. The first sublessee, Stephen K. Weinman, operates a boat repair and hoist operation that will remain on Parcel 77W after the close of escrow. Although the County is not obligated to assume the sublease as it is a month-to-month sublease and may, upon proper notice, be terminated at any time, the sublessee provides needed services to the small boaters in the Marina and the boat storage facility cannot operate without

the hoist operation. While the boat storage facility is controlled by the lessee, which continues to lease spaces directly to and collect rent directly from the boat owners, it is operated and maintained (without compensation from the lessee for such operation and management) by the sublessee, who makes his money, in part, by charging the boat owners a fee for services that he performs, including launching/recovering/repairing the boats. Consequently, we plan to permit Stephen K. Weinman to continue to operate the boat storage facility as an accommodation to the small boaters in the Marina. It must be noted, however, that we believe he is conducting his operations in violation of environmental rules and regulations; thus, upon takeover, we will be in discussions with Mr. Weinman about his need to correct any existing deficiencies, as well as to ensure future operations are in compliance with all rules and regulations. To the extent he is unwilling or unable to come into compliance, we will give notice to him that his sublease is being terminated. We will look for another operator, however, as we would like this service to remain at this parcel until other boat storage facilities are available as currently proposed in our dry stack storage project, for which your Board approved a lease option on April 26, 2007.

The second sublessee is FantaSea Yachts, which currently leases space to store one of its charter boats (but not to load passengers, which is done at another location). As soon as FantaSea finds a replacement location to store its charter boat, its sublease will be terminated.

#### **Parcel 44U (Land)**

At the close of escrow, on that portion of the Parcel 44U landside that will be reconveyed to the County, the County will own two office buildings with a combined square footage of about 10,000 square feet. One of the buildings is occupied by Pacific Ocean Management (POM), the current lessee's management company. The second building, the Cove, is vacant. Both buildings might ultimately be used as work areas for DBH personnel who will be moved from the trailers on Parcel GG to allow for construction of the proposed dry stack storage facility. Such personnel would remain in the buildings until the Burton Chace Park expansion plan is ready to begin construction or the proposed new Administration Building is completed, whichever occurs first. Immediate occupancy will only occur at the POM building to relieve current workspace congestion, however; remodeling and move-in costs have been limited to approximately \$75,000, which will be paid from DBH's operating funds. With respect to any possible later move into the Cove, we will first undertake an economic feasibility evaluation to determine if it would be cheaper to renovate the building to meet office space requirements (i.e., an adequate HVAC system) or to rent office space off-site in the vicinity of Marina del Rey.

Boat slip tenants leasing slips on the water portion of Parcel 44U that will be reconveyed to the County upon its exercise of the second option will need the right to access and park on the land portion of Parcel 44U that is being conveyed

to the County under the first option in order to be able to use their boats. In this regard, DBH will execute a Right of Entry Permit with the current lessee that a) allows access and parking rights to the boaters who will remain sublessees of the current lessee on the Second Option Property until the County exercises its option to have the water area reconveyed to the County; b) requires the lessee to pay \$4,500 per month rent for use of up to 100 parking spaces (allocated up to 90 spaces on Parcel 44U and 10 spaces on Parcel 77W); c) allocates maintenance costs in the parking lot on Parcel 44U between the current lessee and the County; and d) requires the current lessee to maintain the boater bathrooms and surrounding trash areas at its own cost.

#### **Parcel 44U (Water)**

The County will not exercise its option to take over a portion of the waterside area of Parcel 44U until new docks are constructed on the Second Option Property. At this time, we are working with the lessee and a marine engineer to finalize new dock plans to be submitted to the California Coastal Commission for approval. Once the dock construction is completed, we will return to your Board to inform you of the intended closing of escrow on the Second Option Property.

Because of the length of time it will take to complete construction of the docks on Parcel 44U, the lessee has agreed to fix the purchase price of the Second Option Property at \$840,000 (without further accrual of interest) until December 31, 2008. As a result, we are proceeding to memorialize the purchase price, among other items, in a Fourth Amendment to the Option Agreement.

In connection with the execution of the Right of Entry Permit and the Fourth Amendment to the Option Agreement, County Counsel has determined that the Director of Beaches and Harbors has the authority to execute both documents, as well as all documents necessary to close escrow, without returning to your Board for approval.

SW:SK:ks